

# **2006 Summer Assessment**

NIPSCO  
May 18, 2006

# Portfolio Approach

- Energy needs are different from Capacity needs.
- Capacity (MW) compares capability of resources (units, purchases, interruptible loads) against peak demand at a ***specific point in time***.
- Energy (MWH) needs are determined by economic dispatch of generation and resources over a ***period of time***.
- NIPSCO expects to secure a portfolio of purchases that will be used to meet it's customers needs as well as provide energy on an economic basis in lieu of running higher cost generation or relying solely on spot market purchases.

# Demand: June – August 2006

	NIPSCO Internal Load (MW)**		
	June	July	August
2006 Projected Internal Peak*	2,878	3,099	3,069
2005 Projected Internal Peak*	2,795	3,025	3,068
2005 Actual Internal Peak*	3,166	3,001	3,039
Date	6/24/05	7/21/05	8/3/05
Time	HE 1300 CST	HE 1300 CST	HE 1400 CST
Temperature	94 degF	84 degF	92 degF
General Load	2316	2346	2367
Industrial Load	850	655	672
2004 Actual Internal Peak*	2,867	2,922	2,898

\* Interruptibles Served

\*\* NIPSCO Internal Load + WVPA + IMPA = Control Area Load

# Demand: June – August 2006

	<u>Demand (MW)</u>		
	<u>June</u>	<u>July</u>	<u>August</u>
<b>Internal Demand* (from pg 3)</b>	2,878	3,099	3,069
<b>Firm Sales</b>	4	4	4
<b>Total Demand</b>	----- 2,882	----- 3,103	----- 3,073

**\* Interruptibles Served (260 MW)**

# Resources: June – August 2006

	Resources (MW)		
	June	July	August
<b>Net Seasonal Capability</b>	2,787	2,787	2,787
<b>Scheduled Maintenance*</b>	0	0	0
<b>Committed Purchases</b>	100	200	200
<b>Net Available Resources</b>	2,887	2,987	2,987

\*Unit 7 on planned maintenance through 6/18/06

# Reserves: June – August 2006

	Reserve Margin (MW)		
	(Serving Interruptible)		
	June	July	August
Net Available Resources (from pg 5)	2,887	2,987	2,987
Total Demand (from pg 4)	2,882	3,103	3,073
Available Margin (serving Interruptibles)			
Mw	5	-116	-86
%	0.2	-3.9	-2.9
	(Not Serving Interruptible)		
	June	July	August
Net Available Resources (from pg 5)	2,887	2,987	2,987
Total Demand (from pg 4)	2,882	3,103	3,073
Interruptible	-260	-260	-260
Total Demand (not serving Interruptibles)	2,622	2,843	2,813
Available Margin (not serving Interruptibles)			
Mw	265	144	174
%	9.2	4.8	5.8

# Portfolio of Purchases

- Using 2005 LMP as “price profile”, adjusted to reflect 2006 market prices, a series of studies were performed reflecting standard 50 mw 5x16 purchases.
- Study results show more economic to purchase monthly 5x16 quantities of 100 mw in June, 200 mw in July and 200 mw in August than to rely on spot market or higher cost generation.
- Any additional needs will be filled with shorter term, bilateral (weekly or day ahead) and MISO Day Ahead and Real Time market purchases as more certainty of load forecast and unit status is known.

# Fuel - 2006

- Coal commodity costs are projected to remain relatively stable throughout 2006.
- Upward pressure on delivered cost of coal due to diesel fuel surcharges.
- Joint line rail maintenance continues until early September 2006, expect minimal impact. Any impact will be offset with changes in fuel blends which may impact prices.
- No coal shortage expected.
- Natural gas expected in \$6.50 - \$8.00 / Mbtu for summer months, but could increase based on hurricane season, weather, other.

# Long Term RFP

- Capacity assessment: ~ 400 MW needed in 2009, increases to ~ 600 MW in 2014
- Energy assessment ~ 2350 GWH in 2009, increasing to ~ 3100 GWH in 2014
- Long Term RFP bid duration 3 to 40 yrs.
- Broad based, seeks range of alternatives
  - Includes Renewables / DSM
- Evaluation blend of mw and terms for portfolio of solutions

# Long Term RFP Timetable

- Q2 '06 RFP Issued
- Q2 '06 Bid Conference (planned for Indianapolis)
- Q2 '06 Intent to Bid Due
- Q3 '06 Responses Due
- Q4 '06 Short List Announced
- Q4 '06 Evaluation Started / IRP
- Q1 '07 Decision & Regulatory Review

# RFP Objectives

- Reliability – Sufficient capacity to meet demand
- Low Cost – Resource deployment to meet customer load
- Price Stability – Minimization of fuel (coal, gas, renewables) source price volatility

# MISO

- + Power availability
- + Transparent real time market pricing
- ? Continuing market evolution

# Transmission Status - 2006

- Transmission system prepared for summer demands
- 138 / 345 kv system inspections ongoing
- Ongoing maintenance
  - Vegetation management
  - Substation maintenance
  - Infrared scans
  - Operating procedures in place